

(c) and (d) Tobacco products attract Central Value Added Tax (Cenvat) and specified tobacco products attract other levies like National Calamity Contingent Duty (NCCD), additional duty of excise (AED) and education cess. While collection from other specified levies is for specified purposes, the collection from Cenvat is not for any specified purpose. Under the existing provisions, revenue from Cenvat on tobacco products cannot be earmarked for any particular sector like for welfare of Virginia tobacco farmers.

Use of force for recovery of loans

1409. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some Nationalised and other banks are opting for recovery of their loans through bad elements and goons in some Northern States in the country;

(b) if so, whether Government are aware of these irregularities; and

(c) whether any instruction have issued to the Nationalised Banks preventing use of force by bad elements in recovery of the loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Reserve Bank of India (RBI) has received complaints against various banks alleging harassment and use of unfair means adopted for recovery purposes.

(c) As per RBI's "Fair Practice Code for Lender" communicated to banks for implementation in July, 2006, it is inter-alia, stipulated that in the matter of recovery of loans, the lenders should not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.

RBI has also issued instruction to all commercial banks/NBFCs (excluding Regional Rural Banks) regarding Credit Card Operations which inter-alia stipulate that their agents should not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intending to humiliate publicly or intrude the privacy of the credit card holders' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.

The Indian Banks' Association has also formulated a "Model Code for collection of dues and repossession of security" which has been recommended to banks for adoption and implementation. As per the Model Code, banks commit to maintaining Dignity and Respect to customers in their Debt Collection Policy and not follow policies that are unduly coercive in collection of dues.

Reforms in Insurance sector

1410. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

- (a) whether Government propose to introduce comprehensive reforms in Insurance sector;
- (b) if so, what are the details of these reforms and whether this would amount to privatisation of entire sector; and
- (c) whether Government are also willing to bring comprehensive legislation on Insurance sector, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Law Commission of India had examined the Insurance Act, 1938 and Insurance Regulatory and Development Authority (IRDA) Act, 1999 and submitted its 190th Report to the Government. The recommendations of the Law Commission cover *inter-alia* legal issues concerning repudiation of life insurance policies; nomination, assignment and transfer of policies; merger of IRDA Act, 1999 with Insurance Act, 1938; setting up of a grievance redressal authority, amendments to definitions and deletion of redundant provisions in the Insurance Act, 1938. On the recommendations of the Law Commission, IRDA constituted a committee of expert under Shri K.P. Narasimhan, former Chairman, LIC (KPN Committee) to examine issues relating to surveyors and loss assessors; investments; tariff; shareholders and policyholder's funds & extent of foreign shareholding etc. The Government has examined the recommendations of the Law Commission, the KPN Committee and the IRDA. Accordingly, a proposal to amend Insurance Laws is under consideration of the Government.